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In the Matter of Arbitration between:

THE CITY OF БЕЛОIT AND БЕЛОIT
FIREFIGHTERS LOCAL 583,
I.A.F.F., AFL-CIO

:
: Case XIX
: No. 17737 MIA-94
: Decision No. 12565
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AWARD OF THE ARBITRATOR

In this case the Wisconsin Employment Relations Commission accepted the selection of Robert E. Washburn as Chairman of an Arbitration Panel being authorized to express and make a final and binding determination of a dispute between the City of Beloit, Wisconsin, hereinafter referred to as the City, and Beloit Firefighters Local 583 hereinafter referred to as the Union.

The other two members of the Arbitration Panel are Neil M. Gundermann, Industrial Relations Consultant to Public Employees, selected by the City as their representative and Royal A. Taylor, retired Firefighter, selected by the Union as their representative.

The arbitration proceedings were conducted pursuant to Section 111.77 Wisconsin Statutes. The statute requires that the arbitration panel choose the final offer of one of the parties in its entirety incorporating the offer without modification.

The Firefighters final offer was dated May 12, 1974 and for the purpose of the hearing was received by the panel chairman on June 15, 1974.

The City's final offer was dated June 28, 1974 and was received by the panel chairman on July 1, 1974. Copies of the City's final offer, which was properly submitted after the hearing, held on June 22, 1974, were forwarded to panel arbitrators, Neil Gundermann and Royal Taylor and the President of the Firefighters Union, LeRoy Waite.

The hearing was held in the City of Beloit Council Chambers on Saturday June 22, 1974 - starting at 10 A.M. completed and closed at approximately 8 P.M.

Each party was given full opportunity to present testimony and evidence and make arguments. No transcript of the Proceedings was made.

As neither party elected to file a post hearing brief the record for the hearing was closed, with the understanding that either party could amend their final offer within 5 working day time limit after the hearing.

On July 12, 1974, the Chairman of the Arbitration Panel met with the other two members of the arbitration panel, Neil Gundermann, the City's representative and Royal Taylor, the Union's representative. All aspects of the case and hearing were discussed. The panel members presenting their views and contentions.

THE ISSUES BEFORE THE ARBITRATION PANEL

The Union is requesting:

Item #1. City of Beloit to pay an additional \$27.76 per month toward Health and Dental Insurance premiums, for each member of the bargaining unit. City now pays \$46.30, total cost \$74.06.

Item #2. Contract language shall read in Article VII, Section I as follows:

Section I: The City shall pay 100% of the monthly premiums for Surgical, Medical, Hospital, Major Illness, and Dental Insurance plans provided under the group policies number 1361.3 held by the City for all employees and their dependents covered by this agreement.

Item #3. Contract language shall read in Article VII, Section II as follows:

Section II: The City shall pay 100% of the monthly premiums for Surgical, Medical, Hospital, and Major Illness Insurance plans provided under the group policies number 1361.3 held by the City for all Firefighters and their dependents (including widows and dependent children) who retire under Wisconsin Retirement Fund or under Wisconsin State Statutes 62.13 or who are forced to retire by virtue of duty incurred injury or disease after December 31, 1973.

Item #4. Contract language shall read in Article VII, Section III as follows:

Section III: The City shall pay 100% of the monthly premiums of group policy number 005-210, pertaining to life insurance protection, being carried by the City with Minnesota Mutual Life Insurance Company for all employees covered by this agreement.

Item #5. Contract language shall read in Article VII, Section IV as follows:

Section IV: The City shall provide the Union with copies of all correspondence between Wisconsin Physicians Service Insurance Company and the City, and between Minnesota Mutual Life Insurance Company and the City that relate to employees and their dependents, such as group experience, rebates to the City, proposed changes in coverage and premiums, etc.

Item #6. Contract language shall read in Article VII, Section V as follows:

Section V: No person or group shall be eligible for Health and Dental Insurance under the group policy number 1361.3 held by the City unless expressly stated in Article VII of this agreement. Only by mutual agreement between the Union and City shall those other persons or groups be covered.

Item #7. The City shall pay retroactive to December 31, 1972, health insurance premiums paid by Lawrence Amans for his daughter, Cindy. She is a handicapped dependent, neither the Union or Lawrence Amans were advised that Wisconsin Statutes were changed permitting continued coverage under our group plan.

Item #8. All monthly insurance premiums covered by this agreement shall be paid to the employees and retirees covered by this agreement retroactive to December 31, 1973.

Comment: In accordance with the City's final offer dated June 28, 1974, the Union assumes that Items #4 which is Article VII, Section III, Item #5 which is Article VII, Section IV and Item #6 which is Article VII Section V, have actually been granted and therefore are not an issue at this time as to the final determination of the award which will of course include the final language of either party as submitted in their final offers.

Therefore, the remaining issues before the Arbitration Panel are:

- Item #1
- Item #2
- Item #3
- Item #7
- Item #8

THE UNION'S POSITION:

- Items #1, #2, #3 The City to pay full cost of the insurance premiums as requested in these items.
- Item #7 The City to pay retroactive to December 31, 1972 health insurance premiums as requested in this item.
- Item #8 The City to pay all monthly insurance premiums covered by this agreement to the employees and retirees covered by this agreement retroactive to December 31, 1973 as requested in this item.

At this point, the Chairman of the Arbitration Panel feels that Mr. LeRoy Waite, the Union's representative who presented the Union's case to the Arbitration Panel, quite accurately expressed the Union's position in his opening statement and therefore the Chairman is taking the liberty of reproducing this version of the Union's position.

Of course, this statement at opening of hearing was prior to presentation of witnesses, along with examined testimony and evidence with comment by Union's representative to support Union's position.

Union's opening statement follows:

OPENING STATEMENT

1. The Fire Fighters will show in this hearing the contract language we ask for is necessary as to benefits and protection in these high inflationary times - for the active Fire Fighter and the retired Fire Fighter.
2. We will further show the cities ability and responsibility - in providing adequate health care coverage for the Fire Fighters and their families.
3. The payment by the city of health and dental insurance premiums is consistent with industry and other city employee groups in the area and across the nation.
4. The payment by the city of health insurance premiums for the retired Fire Fighter is long over due. No group protection and spiraling costs must now become a part of a retired Fire Fighters benefit - due to the nature of the Fire Fighters job with early retirement on a fixed pension.
6. The payment of the Fire Fighters life insurance shall be shown to be consistent with other Fire Departments and other employee groups - this is only a small way of adding to the Fire Fighters income due to a two year contract with run away inflation.
7. The contract language needed to protect the Fire Fighters - as to changes in benefits and costs in the health and dental insurance coverage. In other words to put the Fire Fighter on the same level as the city when it concerns our knowledge of insurance coverage and costs.
8. The contract language needed to protect our group with good rates from other groups with bad rates.
9. The gross mistake made by the city as to a change in Wisconsin state statues in 1972 - providing for continued health insurance coverage for handicapped dependents. We ask for the reimbursement of premiums paid by this employee in 1973 and 1974 on his daughter. The city's negligence was in maintaining the employees dependent was not eligible for group coverage.
10. And finally the retroactive payments back thru January 1, 1974 made by the people covered in our agreement with the city.

11. I will finish my opening statement by saying these reasons and other testimony with exhibits, will be introduced during this hearing, and will clearly show why the arbitration panel should award the Fire Fighters this economic justice.

Thank you,

LeRoy Waite /s/

LeRoy Waite
June 22, 1974

THE CITY'S POSITION:

The Chairman of the Arbitration Panel feels that Mr. Charles E. Carlson, the City's representative, who presenting the City's case to the Arbitration Panel quite articulately presented the City's position in his opening statement and therefore the Chairman is taking the liberty of reproducing his version of the City's position.

Of course, this statement at the opening of the hearing was prior to the presentation of witnesses along with examined testimony and evidence with comments and argument by City's representative to support the City's position.

The City's opening statement follows:

June 22, 1974

To: Municipal Interest Arbitration Panel
Mr. Robert C. Washburn, Chairman
Mr. Royal A. Taylor, Arbitrator
Mr. Neil M. Gundermann, Arbitrator

From: Mr. Charles E. Carlson, Representative of the City of Beloit

Subject: Opening Statement by City of Beloit

Re: City of Beloit
Case XIX No. 17737 MIA-94

Gentlemen:

The parties before you have been unable to resolve a collective bargaining dispute over Article VII of the existing 1973-74 labor-management contract. Specifically, the Article provides for re-negotiation of insurance benefits and contributions for the year 1974. Having failed to reach agreement on these items, the City and the Union have been ordered by the Wisconsin Employment Relations Commission to defer to your judgment. It is for you to pick which position shall prevail; the City's final offer or the Union's.

In order to place the matter in perspective, I would like to make three statements.

First, the re-opener, when negotiated, was never intended to be used as the Union is proposing. It was intended to provide for some improvement of insurance coverages, with particular regard to increased insurance coverage of room rate costs, and a moderate increase in employer contributions to help cover the resulting increase in premium.

Second, the language proposed by the Union calls for "100%" employer payment of premiums for health and medical insurance costs. Despite the recurrence of this demand, the City has historically argued against anything but a flat dollar amount on this item. To do otherwise would remove this item from collective bargaining by building in an automatic escalator. The City has agreed to hold a policy for this bargaining unit with coverages they desire. Language which calls for 100% coverage would submit the employer to unknown future costs and render the philosophy of employees selecting their own coverages unworkable.

Third, the premium contribution is completely out of line with what all other City employees receive. The City does not object to bargaining units varying their policy coverages, but it feels very strongly that its contribution toward the costs should not markedly deviate by unit. The major premium increase is for dental coverage at a cost of \$17.50 per month. No other City employee unit has this coverage. No other major employer in Beloit offers it. And it is not a prevailing coverage among other major Wisconsin cities.

The question of insurance coverages has been resolved. On February 18th of this year, the Union presented a firm proposal to the City for changes in levels of coverage. Effective March 1st, a new policy was implemented which separated the Union from all other City employees and incorporated all of the coverage increases requested by the Union. In addition, one former member of the bargaining unit who had retired subsequent to March 1, 1974, was granted the right to retain coverage. The latter was in response to another Union demand.

Among the issues before the Arbitration Panel is the question of who shall pay for the increased premium costs resulting from the new coverages which the Union had sought and received. The former health insurance policy premium was \$46.30 per month for each employee and his dependents, and the employer contribution was limited to \$46.30. The new health insurance policy implemented at the Union's request costs \$74.06 per month. The City has proposed to contribute \$50 toward the total cost. The Union insists it be "100%" paid, not only the current \$74.06, but any and all future increases in premium whenever they occur.

With regard to retirees and their dependents, the Union argues that not only should they be allowed to retain health insurance coverage, but that the City should also pay "100%" of premium costs. The City feels that inclusion of the retiree and his dependents in the policy, in and of itself, is a significant one-year gain. To cause the employer to finance the premium costs at this time would be excessive in money, and a gross change in the employer's obligation to former employees. The employer is not willing to suffer such a change in employment philosophy.

Regarding life insurance, the City has fulfilled another Union request which was indicated to the City to be a high priority item: premiums for members of the bargaining unit under the existing policy will be paid by the City.

Furthermore, the City has agreed to provide the Union with copies of any correspondence between the City of Beloit and Wisconsin Physicians Service, the health and medical insurance carrier, and with a copy of audit of rebates from the carrier should rebates occur. The City also agrees to not include any other City employees in the specific policy held on behalf of Union members without the Union's written agreement.

Retroactivity should not be an issue, but it is. The City proposes to refund premium costs which are appropriate upon resolution of this dispute. Why does the Union propose refunds to the first of the year when the new policy did not take effect until March 1st? A firm proposal for changes was not received from the Union until February 18th.

There is another issue which puzzles the City: the question of liability for health insurance premiums paid by one member of the bargaining unit on behalf of his handicapped daughter. The Union contends the City is obligated to refund premiums paid by the employee back to January 1, 1973, even though the insurance carrier was the party that refused coverage until this year. Gentlemen, it is inconceivable to the City how you could legally obligate the City under contract award for the alleged acts of another party. If the Union has a complaint on this item, it is with the insurance carrier -- not with the City of Beloit.

I have briefly reviewed the specific issues. The facts which will be established through exhibits and testimony will clearly show that the City's position in this contract dispute is the reasonable one. This Article of the current agreement was left for re-negotiation for the year 1974 because both parties recognized a need for modest coverage changes in several specific areas which could not possibly be effected when the contract itself was negotiated. Indeed, all other City employees recognized this need, too, and modest changes were made this year. But by no stretch of the imagination was this re-opener intended to serve the purpose for which the Union is endeavoring to use it. The City sincerely feels that its offer fulfills the intent of the agreement between the City and the Union.

The parties prepared to proceed with presenting their witnesses and testimony along with their exhibits.

At this point, the Chairman of the panel stated that these hearings are to be conducted on an informal basis and due to the fact that the Chairman has never been in a position of an arbitrator, as well as not being familiar with these types of contracts or the City and State statutes and guidelines governing the agreements. The Chairman also stated that he had never worked without a transcript being recorded and available for reference after the hearing. Chairman advised that he was taking his own long-hand minutes of the entire hearing and would ask that the parties be sure that the Chair be made aware of any specific pertinent facts they felt he must have detailed knowledge of.

The Chairman also advised that this would be the parties final chance to present evidence and testimony in support of their case to convince the panel. The parties would be allowed to examine and cross examine all witnesses as well as present a summary before closing of the hearing if they so desired.

The hearing then proceeded with the City and the Union presenting their witnesses, exhibits, evidence and arguments. The witnesses examined and cross examined by both parties.

There was one joint exhibit - Joint Exhibit #1, the 1973-'74 Labor Agreement between the parties.

THE CITY EXHIBITS INCLUDED:

- #1. The City's latest offer dated June 14, 1974.
- #2. The Union's demands for 1974 submitted in July 1973.
- #3. The Union's letter to City Manager with proposal for W.P.S. Insurance Coverage - dated Feb. 20, 1974.
- #4. Copy of City of Beloit Insurance Program.
- #5. Copy of Memo to City Manager from Finance Director Calland with copy of attached letter dated Aug. 30, 1972 from W.P.S. stating that the existing rates are guaranteed for contract year beginning Jan. 1, 1973.
- #6. Summary of provisions relating to City Payment of Life Insurance costs for non-supervisory Firefighters in larger Wisconsin cities, 1974.
- #7. Letter to City Manager re: Cynthia Amans, from W.P.S. dated April 3, 1974.
- #8. Record of total premium cost vs. experience cost for the years of 1970, 1971, 1972 and first 5 months of 1974.
- #9. Compensation Comparisons--
Re- Consumer price index (Nations Cities Average) showing increase costs from 1967 to March 1974 Employer Compensation Costs index increase of 43.1%, etc.

- #10. Health and Medical Comparisons-
Re- C.P.I. index December 1972 to March 1974 and effect of increased costs to City if they continue at same rate, etc. Final comparison
2 year C.I.I. - 12.3%
2 year City offer - 72.4%
2 year Union offer - 155.4%

THE UNION EXHIBITS INCLUDED:

- #1. Union's proposal for new agreement dated May 12, 1974.
- #2. Copy of letter dated 6-12-73 directed to Mrs. Doris Betz, Deputy City Treasurer, City of Beloit, from Joseph H. Hinkes, Regional Sales Director of W.P.S. This letter has an attachment from W.P.S. re: Handicapped dependents and alcoholism endorsement.
- #3. Copy of letter dated January 10, 1974 to LeRoy Waite, President of Firefighters Local 583 from City Personnel Director, Charles E. Carlson.
- #4. Copy of W.P.S. Insurance Group Plan #1371.3 covering City of Beloit Fire Dept.
- #5. Listing of New benefits negotiated between the City and the Union on February 28, 1974 that went into effect March 1, 1974.
- #6. Copy of letter dated 2-20-74 to City Manager Holt from President of Union Waite, with request for negotiations of listed health insurance coverages.
- #7. Copy of Article that was in Beloit Daily News on May 7, 1974 showing City Police Dept. receiving 15% pact hike.
- #8. Copy of current agreement between the City of Janesville and Firefighters Local 580.
- #9. Copy of two Articles, both A.P. articles from Washington, D.C. dated June 13 and June 16, 1974 - Headlines showing:
a) Wholesale prices up again.
b) U.S. says family of 4 needs \$12,600 for moderate living.
- #10. Copy of current 1974 agreement between City of Kenosha, Wis. and Local 414 Kenosha Firefighters.
- #11. Copy of Agreement 1974-75, between City of Racine, Wisconsin and Firefighters Local 321.
- #12. Copy of Departmental Correspondence dated Dec. 1, 1971 directed to City Manager Holt from Personnel Director, James Main. Subject - Sick Leave Policy.
- #13. Copy of recent article from Beloit Daily News - headline- Inflation cuts fixed pensions - with an attached editorial "Opinion" dated March 26, 1974 - Re: Pension update needed - comment is in reference to Beloit firefighters widow pensions, etc.
- #14. Copy Beloit Fire Department Seniority List.
- #15. Record of checks from Lawrence Amans for Insurance premiums showing amount

- #17. Copy of 1974 - March issue - Federationist Magazine, pointing out articles referring to soaring medical costs prompting numerous unions to negotiate improved health and welfare programs - including dental, optical and prescription drugs.

The Chairman lists all of the exhibits simply to point out that they were all revised and studied in an effort to corrolate them where applicable or relevant to the testimony and the personal minutes, taken by the Chairman.

At the closing of the hearing on Saturday June 22, 1974, the three Panel Arbitrators agreed to meet on July 12, 1974 to review all of the evidence and testimony in an effort to agree on proper evaluation of the case before the Panel. The Arbitration Panel did meet on July 12, 1974.

The Panel Arbitrator member; Neil Gundermann, representing the City and Royal Taylor representing the Union along with the Chairman. All three presented and discussed their individual contentions and justifiable reasons they believed should be accepted by the Chairman to lend weight to the factors that are encompassed in the Statutory Guidelines required by the Chairman to use in reaching his decision.

MINUTES MEETING JULY 12, 1974

Following are minutes taken by Chairman Washburn of the discussion, comments and positions of the Panel members, Royal Taylor, Neil Gundermann and Washburn. For this discussion, the Chairman will use panel members names followed by their statements, contentions, etc.

Royal Taylor contends that in accordance with the City's opening statement Page 2 Paragraph 3 that the question of insurance coverages has been resolved. Which in his mind basically left two issues to be resolved:

1. Who should pay for the insurance premiums.
2. The repayment to L. Amans for insurance premiums which were paid for his daughter from January 1, 1973 to March 1, 1974.

Royal Taylor's comments and position:

1. A) Paying insurance premiums for employees in both private and public employment is consistent with Firefighters final offer.
B) The City admits it has the ability to pay.
C) The total wage and fringes to be paid to City Firefighters will still be below the Janesville Firefighters even with the inclusion of additional insurance premiums.
D) Other benefits given City employees upon retirement.
E) Meets all of the Statutory Guidelines of Chapter 111.77 (6)
2. A) Mr. Craig Botlorff, Field Representative for W.P.S. stated that "If all lines of communication had been open and all procedures followed, Cindy Amans could have been covered by W.P.S. as of January 1, 1973 under Wisconsin Statutes."
B) The City is the agent for all employees of the City, therefore the Union's argument is with the City. The City may well have an argument with W.P.S.

Mr. Neil Gundermann at start of the meeting of the Panel members on July 12, 1974 presented to the Chairman the following material which the Chairman has reproduced and inserted at this point as copy of Statutory Guidelines presented by Mr. Gundermann with attached pages 2, 3 and 4 of his position of the issues and comments.

(Neil Gundermann material follows)

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Rec'd from Neil Sunderman
July 12, 1974 at meeting of
Royal Taylor and myself
as Chairman of Panel.

Statutory Guidelines Pages 2, 3 and 4 are
this issue + comments on the
case

Statutory guidelines for the arbitration board are defined
in Chapter 111.77 (6) of the Wisconsin Statutes which provides
as follows:

- (6) In reaching a decision the arbitrator shall give weight to the following factors:
- (a) The lawful authority of the employer.
 - (b) Stipulations of the parties.
 - (c) The interests and welfare of the public and the financial ability of the unit of government to meet these costs.
 - (d) Comparison of the wages, hours and conditions of employment of the employes involved in the arbitration proceeding with the wages, hours and conditions of employment of other employes performing similar services and with other employes generally:
 - 1. In public employment in comparable communities.
 - 2. In private employment in comparable communities.
 - (e) The average consumer prices for goods and services, commonly known as the cost of living.
 - (f) The overall compensation presently received by the employes, including direct wage compensation, vacation, holidays and excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.
 - (g) Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.
 - (h) Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours and conditions of employment through voluntary collective bargaining, mediation, fact-finding, arbitration or otherwise between the parties, in the public service or in private employment.

ISSUE:

1. The City to pay \$74.06 toward health and dental coverage.

Comment: This would make the insurance premium paid by the City the highest premium paid by any city in the State with the possible exception of Menasha and Wauwatosa. (See Employer Exhibit #6)

2. The City to pay 100% of the monthly premiums for surgical, medical, hospital, major illness and dental insurance plans provided under group policy no. 1361.1 held by the City for all employees and their dependents.

Dental Insurance. The evidence indicates that 82% of the contracts of major cities with firefighters do not provide dental insurance. Additionally none of the six major employers in the City of Beloit have such coverage. The evidence clearly establishes that it is not a common practice for either cities or the major employers in the City to provide dental insurance and therefore there is no justification for this arbitration board to make an award which would include the employer paying for such benefit.

Comment: In addition to requiring the City to pay \$74.06 per month the inclusion of a 100% provision would remove insurance contributions from negotiations at a time when the Union isn't even sure as to the impact of dental insurance on the premium. This would be patently unfair to the City which just agreed to create a separate group for the firefighters.

3. The City to pay 100% of the insurance premium for surgical, medical, hospital and major illness insurance for all firefighters and their dependents including widows and dependent children who retire under the WRF or Chapter 62.13 of the Wisconsin Statutes or who retire due to disability.

Comment: There is no evidence to indicate that any City in the entire State offers the above benefits to firefighters. This would far exceed even the most generous plans presently in existence. There is absolutely no basis for concluding that Beloit should be the leader in this regard. The City's amended offer permitted retirees to remain in the group and retain family coverage provided the retirees paid the insurance premium which is the general practice in existence at the present time.

4. The City to pay retroactive to December 31, 1972 health insurance premiums paid by Lawrence Amans for his daughter Cindy as she is a handicapped dependent and neither the Union nor the Amans were advised of the change in the Wisconsin Statutes permitting continued coverage.

Comment: The Union is attempting to establish that the City has some inordinate responsibility, and indeed liability, to be aware of changes in the law relating to insurance. The City submits it has no greater obligation as the policy holder than does the Union. The real liability in this case should lie with the carrier for having failed to advise the City of the change in the statutes.

The only issue before the arbitration board is defined in the collective bargaining agreement in Article VII, Section 3 which states:

For the purposes of this agreement, the City and the Union agree to re-negotiate insurance benefits and contributions for the year 1974 upon submission of a written request by either party prior to July 1, 1973.

At the most the reopener should be construed as a means of preserving the value of the insurance benefits for the firefighters and not as a means of distorting the entire insurance program vis-a-vis the insurance programs of other firefighters as well as the insurance programs of employers within the City.

In further discussion Mr. Gundermann stated his opinions and contentions emphasizing that it was not logical for the Arbitrators to make an award that would burden the City.

Mr. Gundermann contended that the Arbitrator in making their decisions must conform with Statutory Guidelines in Chapter 111.77 (6) (d) 1 and 2 in particular which points out that it is not the role of the Arbitrator to introduce new concepts of bargaining, not the job of the Arbitrator to consent to any new innovations such as presented by the Firefighters in this reopener.

Mr. Gundermann stated that (A) Insurance reopener definitely should not be used to offset cost of living. (B) No one in this area pays for this kind of retirement. (C) Does not feel that assertions and statements with lack of facts supports the Union's position. (D) The City originally assumed the cost of the reopener would not amount to over .05% - The Union's proposal will be approximately 2 1/2%.

Following is letter from Neil M. Gundermann dated July 18, 1974 directed to Chairman:

Rec'd July 18, 1974

NEIL M. GUNDERMANN
Industrial Relations Consultant
To Public Employers
6617 Seybold Road
Madison, Wisconsin 53719

Area Code 608 274-1116

July 16, 1974

Mr. Robert Washburn
1601 Morgan Terrace
Beloit, Wisconsin 53511

Dear Mr. Washburn:

It is my recollection, as well as the recollection of a number of other people who attended the arbitration hearing on June 22, that the Union and the City both authorized the arbitration board to contact Mr. Hinkes concerning the meaning of his letter of June 12, 1973. While I recognize that neither you nor Mr. Taylor have the same recollection, may I suggest you subpoena the tapes of the hearing recorded by the Firefighters' Union for clarification of this matter.

Based on the statements contained in the letter, and more specifically the first paragraph, it would appear that WPS erred in not covering Cindy Amans effective January 1, 1973. May I suggest that you exercise the authority of an arbitrator and take judicial notice of the first paragraph and contact the State Insurance Commission to determine what specific obligation WPS had in this matter.

In the event the majority of the arbitration board rules against the City, I reserve the right to write a dissenting opinion to be attached to the majority decision.

Very truly yours,

Neil M. Gundermann /s/

Neil M. Gundermann

mg

cc Royal Taylor

At this point, the Chairman of the Arbitration Panel feels that it is important to point out that he thought it was very clear and understood by both parties at the meeting held on May 3, 1974 that all testimony and evidence would be presented during the hearing and that with the exception of the 5 working day rule allowing either party to present their final offer, there would be no further evidence or testimony presented to the Arbitration Panel.

With this understanding, the Chairman could not accept the suggestion by the City that the Arbitrator check other arbitration awards that would support the City's position. The Chairman feels that it was the responsibility of the City representative to submit any such awards at the hearing.

In reference to the letter from Mr. Neil Gundermann dated July 18 suggesting that the Chairman should subpoena the tapes of the hearing as recorded by the Firefighters Union in relation to authorization having been given to the Chairman to contact Mr. Hinkes from W.P.S. in regards to his interpretation of a letter had had written in 1972 to Mrs. Doris Betz regarding the change of laws affecting coverage of insurance of the handicapped - and then for the Chairman to make a determination, after the hearing, as a result of a phone conversation with Mr. Hinkes was not the understanding I felt was agreed to between the parties regarding evidence and testimony.

The Chair feels that if the City desired the testimony of Mr. Hinkes they could have issued a subpoena for Mr. Hinkes to appear if necessary. The Chair feels that this would have been the proper way to have this issue cleared up.

Since the hearing and the meeting with the two co-panel arbitrators on July 12, 1974, the Chairman has reviewed the opening statements of the parties as well as examined the exhibits of both parties and in so doing has tried to analyze the issues and positions of the parties in a sincere effort to reach a decision that will conform with the intent and purpose of the Statutory Guidelines as defined in Chapter 111.77 (6) of the Wisconsin State Statutes.

At this point, the Chairman again points out that the only basic issues of the agreement that are in dispute between the parties are

- (1) "Which party should pay for the Insurance premiums"
- (2) The issue of the repayment to L. Amans for insurance premiums which were paid for his daughter from January 1, 1973 to March 1, 1974.

The determination as to the solution of these issues is clearly outlined in the parties final offers and will be determined by the award.

The Chairman contends that the City has not at any time contended the City was unable to pay the cost of the negotiated agreement now in effect.

At this point, the Chair wishes to refer to the opening statement of the City and the philosophies of the City's representatives as viewed by the Chairman.

The City contends that the reopener was never intended to be used as the Union is proposing.

The City contends that the reopener was intended to provide for some improvement of insurance coverages, with particular regard to increase insurance coverage of room rate costs and a moderate increase in premium.

The City contends the language proposed by the Union calls for 100% City payment of premiums for health and medical insurance costs and that the City has historically argued against anything but a flat dollar amount on this item. The language calling for 100% coverage would submit the employer to unknown future costs and render the philosophy of employees selecting their own coverages unworkable.

With regard to retirees and their dependents being included in the health insurance coverage with the City paying 100% premium cost would be a gross change in the City's obligation to former employees. The City is not willing to suffer such a change in employment philosophy. Most of these assertions were made in the opening statement of City Representative Charles Carlson along with some other contentions in support of City's philosophy and position as to innovation of benefits and programs not being in other industries or Firefighters agreements in the State or area.

The philosophy of Neil Gundermann, the City's representative on the Arbitration Panel, was expressed along the same lines as expressed by Mr. Carlson in regards to 100% payment of insurance premiums by the City, etc.

The Chairman feels that it would be appropriate at this time to express his concern about the emphasis and weight the City puts on their particular philosophies as being a relevant or deterring factor in their positions as related to the resolving of the really key issues before the Panel.

Without any intent of being critical of the City's emphasis on philosophy as being expressed, but having little knowledge of the negotiating approach, understood rules or philosophies of the State or City employees who come under Wisconsin State Statutes. I want to point out that I have over the years been in on negotiations of agreements with large and small industrial firms--and when a reopener of any type is submitted by the Union to the Company -- it is normally submitted with intent of getting new or improved benefits in the areas that are considered a priority item to the Union members. The Company normally is not too concerned about philosophies but are concerned about the cost of the package to them.

For example; In the immediate area, the Warner Electric Brake employees have an excellent program of Life - S & A - Hospitalization - Major Medical and a new prescription payment plan for all employees, dependents, retirees and their dependents. However, this particular group of employees during negotiations did not request any S.U.B. plan nor did they request a severance pay provision, in case of shutdown, etc. Warners also negotiated the retirement of employees with normal pension rights at age 62 instead of 65 as is in most agreements.

The point is that employees differ in their priorities and I am sure the City's negotiators recognize that in this day and age, the companies are more concerned with the moral attitude and loyalty of their employees than they are about refusing to grant priority requirements deemed necessary by their employees because of a philosophy such as stated by the city, quote, "The City sees no reason why they should cause a ripple that would reflect in new innovations that would be demanded by other municipal employees and firefighters locally and throughout the state."

Having negotiated agreements with Fairbanks and Warners as well as other industrial plants in the Madison and Rockford areas, the Chairman feels he can say with some authority that the concern of certain philosophies or new innovations are secondary with industry, and normally is not considered a serious issue in the resolving of an agreement between the parties.

This explanation of the Chairman's views are expressed simply because he feels that the position taken by the City in the area of philosophies is not basically sound and should not necessarily be a factor in resolving an agreement.

The Chairman is not satisfied that the City is tied down to paying for all increases in insurance premiums from now on, as they stated. All contracts are open for negotiations on these issues at their termination and at that time the priorities and cost may be diverted to another area by mutual agreement.

The Chairman makes the above comments in trying to respectfully express his opinion as related to some of the statements made in the City's opening statement.

At this point, the Chairman would like to respectfully summarize his feelings about the Aman case without intent of charging anyone in particular with intended negligence. The Chair would refer to the testimony of Mrs. Doris Betz in regards to the Aman case in which she stated she was advised by W.P.S. that there was a change in the law but that Cindy Amans was not covered until new negotiations and only if negotiated; however, upon questioning of the Union (Mr. Waite) Mr. Botlorff indicated that if all parties were advised and diligently followed the procedure necessary, that Cindy Amans could have been covered under the group policy during the period starting with January 1, 1973.

As Chairman I further questioned Mr. Botlorff and he definitely stated that she could have qualified for this coverage as of Jan. 1, 1973.

From the testimony and evidence presented at the hearing it seemed quite clear that the lines of communication between the W.P.S. and the City did not necessarily include the Firefighters; therefore, I cannot see where the Firefighters should have been charged with negligence in this case.

As Chairman, I wish to state that I have negotiated contracts as a Union Representative in Madison, Wis. as well as in other areas of Wisconsin know a number of their representatives and I am convinced that the W.P.S. people would not hesitate to rectify a mistake if proven at fault.

At this point, the Chairman must point out that the Firefighters during the testimony at hearing submitted a copy of the Janesville Firefighters Agreement - Union Ex. #8 which on Page 6 of this agreement states that effective January 1, 1974 the City agrees to pay the full cost of the premium of Dental Program with orthodontia with full family protection. The insurance also pays for \$200 on prescription drug.

It is to be pointed out that the full payment of the Dental Program went into effect on Jan. 1, 1974 which is the final year of a three year agreement and they are now in negotiations for an improved agreement.

Union Ex. #4 was presented to point out that the plan in itself was a modest plan and the cost of the plan, which is the issue, should not be as considered (out of line.)

In direct testimony, Union representative, Waite, stated auto workers, Janesville and Belvidere as industries providing dental insurance. Waite also read an article Federationist Magazine Page 15 regarding several unions that are negotiating dental, optical, drug plans, including these plans for retirees also.

Waite testified that City picked up 31% more premium for other City employees and was offering firefighters 8%. The 31% refers to D.P.W. and City Hall workers.

Union Exhibit #10 - 1974 Labor Agreement City of Kenosha and Firefighters Union (Page 9). Union Exhibit #11, 1974-75 Labor Agreement, City of Racine and Firefighters Union (Page 16). Both of these agreements provide health insurance to firefighters and widows of firefighters also dependent children, fully paid for by City.

Waite testified Union Exhibit #12, Departmental Correspondence, Sick Leave Policy, Union points out that Beloit pays supervisory retirement 30% of unused sick leave. The Union contending personnel receiving additional benefits which is contrary to the statements made as to City philosophy in their opening statement.

Waite testified Union Ex. #14 - This shows that the cost is minimal in regards to the insurance coverage of the retirees. The coverage at present covering only one retiree - Royal Taylor, Firefighter Polglaze could retire anytime and Dale Amans would not retire under normal retirement until 1979.

The Chairman would mention at this point that he has been advised that the Retail Store Clerks contract, covering Beloit and statewide settled an agreement a month ago that pays for dental care for employee and family. Within the last two years prior to current agreement the Retail Clerks negotiated (a) P.S.C. \$2.00 deductible Drug Prescription Plan for all employees and dependents, as well as free optical program for employees and dependents fully paid for by employer.

The Chairman is also advised that the Beloit Foundry (200 employees) has an extensive dental care program fully paid for by company. This plant is in the immediate area. The Chairman feels these are references that should be noted.

The Chairman is going to conclude his remarks by simply stating that he has reviewed all of the evidence, exhibits and his notes, and after thorough consideration of the issues -- feels that one of the major inequities within the immediate area that should be used as an example would be the comparison of the responsibilities of the Beloit Firefighters, the wages and benefits they receive with the Janesville Firefighters.

Besides the City paying full cost of the dental program in Janesville, there is a difference in pay schedule whereby Janesville receives from \$75.00 to approx. \$103.00 per month more for their firefighters.

The Chairman feels the Beloit firefighters are not unrealistic in their proposal nor will the cost be an unrealistic burden on the taxpayer. The Chairman does not believe that the demands of the Firefighters are necessarily new innovations that if granted would force the City into granting the same benefits for all other employees. The Chairman feels that each group negotiate their own benefits.

The Chairman would have preferred to amend some of the provisions in both of the parties final offers but could not do so because of their agreement and the order of the Wisconsin Employment Relations Commission.

The Chairman after careful review and thorough consideration of all the issues:

Should the City pay full cost of the premiums for hospital and dental care for the active Firefighters, as well as the insurance premiums for the retired Firefighters retiring after Jan. 1, 1974. The Chairman feels that taking into consideration the wages and fringe benefits provided for other Fire Departments as well as by private employers in the area, and compared to other settlements in the City and with the consideration of the increased cost of living over the period of current agreement. Therefore, the Chairman concludes decision is made in the best interest of both parties, the Chairman of the Arbitration Panel awards in favor of the final offer of the Beloit Firefighters Local 583.

Signed Robert E. Washburn /s/
Robert E. Washburn
Chairman, Arbitration Panel

Date August 5, 1974